



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Preservation of Retirement Benefits

MEETING DATE: May 19, 1993

PREPARED BY: Joanne M. Narloch, Personnel Director

RECOMMENDED ACTION: That the City Council approve the Resolution of Intention to adopt the Preservation of Retirement Benefits for employees affected by a temporary reduction in salary or reduced work hours.

BACKGROUND INFORMATION: The condition of the economy has led many agencies to search for ways to cope with shrinking budgets. One alternative the City of Lodi may wish to consider is a temporary reduction of the salary or work hours of some or all of its employees. If the City chose this alternative it would not only result in lesser earnings for the employees, but it could also have the unintentional disadvantage of reducing their retirement benefits.

Normal payroll reporting for an employee following a reduction in his/her salary or earnings would result in either a lower compensation earnable or reduced service credit. By adopting the Preservation of Retirement Benefits, the City could maintain employees' payrates and earnings at the same amount and in the same way as they were reported prior to the reductions.

This procedure applies only to employees who suffer a loss of retirement benefits while continuing to work in the same position occupied prior to taking a temporary reduction in salary or working hours. It does not apply to demotions in lieu of layoff, transfer to part time positions, or any other personnel action where it would be appropriate that there be a salary change or a reduction in service credit.

FUNDING: Currently budgeted

Joanne M. Narloch
Personnel Director

APPROVED

THOMAS A. PETERSON
City Manager

RESOLUTION NO. 93-64

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RESOLUTION OF INTENTION

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WHEREAS, the City of Lodi, hereinafter designated as "contracting agency", has been forced to examine various budget reduction options because of a fiscal emergency resulting from current economic conditions; and

WHEREAS, one of the options the contracting agency has found it necessary to adopt is a temporary reduction in the compensation of its employees; and

WHEREAS, a reduction in compensation may have an adverse effect on the retirement benefits of the employees; and

WHEREAS, the Legislature has enacted Senate Bill 1285 (Chapter 448, Statutes of 1992) which added Section 20499.5 to the Government Code; and

WHEREAS, the provisions of Section 20499.5 will not apply to any contracting agency unless and until its governing body adopts a resolution, in a form provided by the Board of Administration of the Public Employees Retirement System, to be subject to it; whereas, a copy of the resolution must be filed with the Board for the purpose of approval prior to implementation and must be accompanied by copies of all supporting documents including the resolution or ordinance which authorized the reduction and pertinent language in the contracts of employment;

NOW, THEREFORE, BE IT RESOLVED that it is the intention of the City Council of the contracting agency that the retirement benefits of its employees be preserved irrespective of any temporary reduction in their compensation made necessary by the contracting agency's current fiscal emergency; and

BE IT FURTHER RESOLVED that a copy of this resolution be filed with the Board of Administration of the Public Employees' Retirement System as notice of the intention of the contracting agency to report payroll for those employees whose retirement benefits would be adversely affected by a temporary reduction in their compensation, in the manner prescribed by the Board and subject to audit by the Board pursuant to the authority of Section 20499.5. This Resolution will be effective from May 19, 1993 to January 1, 1995 at which time any special reporting pursuant to this Resolution for any employees of the contracting agency, must cease.

Dated: May 19, 1993

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RES9364/TXTA.01V

RESOLUTION 93-64
May 19, 1993
Page Two

I hereby certify that Resolution No. 93-64 was passed and adopted by the Lodi City Council in a regular meeting held May 19, 1993 by the following vote:

Ayes: Council Members -
Noes: Council Members -
Absent: Council Members -

Jennifer M. Perrin
City Clerk

93-64

RES9364/TXTA.01V

RESOLUTION NO. 93-64

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RESOLUTION OF INTENTION

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WHEREAS, the City of Lodi, hereinafter designated as "contracting agency", has been forced to examine various budget reduction options because of a fiscal emergency resulting from current economic conditions; and

WHEREAS, one of the options the contracting agency has found it necessary to adopt is a temporary reduction in the compensation of its employees; and

WHEREAS, a reduction in compensation can have an adverse effect on the retirement benefits of the employees; and

WHEREAS, the Legislature has enacted Senate Bill 1285 (Chapter 448, Statutes of 1992) which added Section 20499.5 to the Government Code; and

WHEREAS, the provisions of Section 20499.5 will not apply to any contracting agency unless and until its governing body adopts a resolution, in a form provided by the Board of Administration of the Public Employees' Retirement System, to be subject to it; whereas, a copy of the resolution must be filed with the Board for the purpose of approval prior to implementation and must be accompanied by copies of all supporting documents including the resolution or ordinance which authorized the reduction and pertinent language in the contracts of employment;

NOW, THEREFORE, BE IT RESOLVED that it is the intention of the City Council of the contracting agency that the retirement benefits of its employees be preserved irrespective of any temporary reduction in their compensation made necessary by the contracting agency's current fiscal emergency; and

BE IT FURTHER RESOLVED that a copy of this resolution be filed with the Board of Administration of the Public Employees' Retirement System as notice of the intention of the contracting agency to report payroll for those employees whose retirement benefits would be adversely affected by a temporary reduction in their compensation, in the manner prescribed by the Board and subject to audit by the Board pursuant to the authority of Section 20499.5. This Resolution will be effective from May 19, 1993 to January 1, 1995 at which time any special reporting pursuant to this Resolution for any employees of the contracting agency, must cease.

Dated: May 19, 1993

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RES9364/TXTA.02J

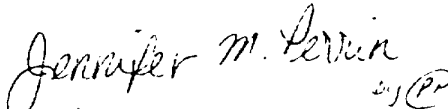
RESOLUTION 93-64
May 19, 1993
Page Two

I hereby certify that Resolution No. 93-64 was passed and adopted by the Lodi City Council in a regular meeting held May 19, 1993 by the following vote:

Ayes: Council Members - Davenport, Mann, Sieglock, Snider,
and Pennino (Mayor)

Noes: Council Members - None

Absent: Council Members - None


Jennifer M. Perrin
City Clerk

RE9364/TXTA.02J